

# Jennison Small Cap Core Equity Strategy Celebrates 25-Year Anniversary

## Strategy Overview

**Objective:** Seeks to outperform the Russell 2000 Index by investing in small cap stocks, utilizing a bottom-up research approach.

## Highlights

- Actively managed strategy that employs a fundamental bottom-up, research-intensive, and collaborative approach to uncover inefficiencies in the small cap asset class
- Team of nine Investment professionals averaging 19 years of industry experience with an average tenure of 13 years at Jennison
- Implements a strict adherence to valuation with projected strong earnings growth on an intermediate to long-term basis
- Offers broader diversification within the asset class through a core approach which provides greater flexibility to move across industries and sectors

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**Inception:** April 30, 1998

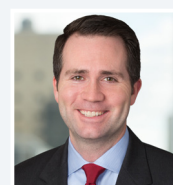
**Total Assets:** \$2.5 Billion<sup>1</sup>

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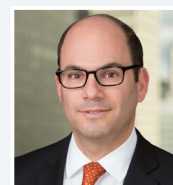
Since its inception, Jennison's Small Cap Core Equity strategy has been anchored by the long-held conviction that an active small cap core strategy can manage portfolio exposure risk and allow for increased flexibility compared to pure style strategies. We have remained steadfast in this discipline of core investing throughout many different market environments over the past 25 years. In our view, small cap core approaches tend to offer broader diversification across cyclical/rate sensitive, defensive, and secular growth sectors as evidenced by the strategy's strong track record.



**Jason M. Swiatek, CFA**  
Head of Small/Mid Cap Equity



**Eric Sartorius, CFA**  
Portfolio Manager



**Jonathan Shapiro**  
Portfolio Manager

<sup>1</sup> As of 3/31/23

*There is no guarantee our objectives will be met. All investments contain risk, including possible loss of principal. The strategy may vary significantly from the benchmark in several ways including, but not limited to, sector and issuer weightings, portfolio characteristics, and security types. Asset allocation and diversification strategies do not assure a profit or protect against loss in declining markets.*

## Q&A

### What differentiates Jennison's approach to small cap core investing?

Our success starts with a very deep and experienced team, who identify and actively follow approximately 500 companies. In our view, one of our distinct competitive advantages lies in our flat team structure, which comprises subject-matter experts who are laser-focused on identifying and evaluating great businesses. This accumulated knowledge and nuanced comprehension of companies, industries and sectors has been a key factor in driving positive investment outcomes over time.

We are most proud of the genuine team camaraderie and our shared commitment to the responsible management of our clients' assets. Our team of nine investment professionals have an average 19 years of industry experience and have an average 13 years of firm experience.

### How have the small cap capabilities evolved over the past 25 years?

Our underlying philosophy and guiding pillar is to invest in businesses rather than simply stocks. While our philosophy and process have not changed, our conviction has strengthened and the success of the small cap strategy has resulted in the development of additional strategies. In 2004, Jennison launched the Jennison SMid Cap Core Equity strategy and in 2019, the Focused Mid Cap Core strategy. Both strategies were natural extensions of the work that we do in identifying what we think are the best investment opportunities across both styles of growth and value investing and continuing to follow great businesses as they graduate from small caps.

### What lies ahead for the small cap market?

Navigating many uncertain economic backdrops over our 25 year history has solidified our view that focusing on what we identify as quality business models led by capable management teams is the best approach.

We believe we are approaching an exciting period to hold small cap companies and are confident our disciplined process and portfolios—which offer broad diversification within the small cap asset class—position us well to capitalize on this potential opportunity. Market, economic, geopolitical, fiscal, trade, and monetary conditions have changed and, as a result, so have many of the tailwinds that have contributed to the past 12 years of return leadership by large cap companies. This has led us to observe that small caps are currently trading at very attractive levels relative to large caps, on both trailing and forward measures. This has been matched only three times in the past 50 years—1973, 2001, and 2020. Additionally, sustained higher inflation has historically led small cap businesses to generate superior nominal earnings growth relative to large caps.

As the market adjusts to these evolving secular trends, new leaders should emerge. Accordingly, in our view, small cap companies are poised to benefit significantly from these changes.

<sup>2</sup> Valuation measures include earnings and free cash flow; Russell 2000 Index relative to the S&P 500 Index

Performance	Annualized Periods Ending 3/31/23					
	1Q23	1 Year	3 Years	5 Years	10 Years	Since Inception
Small Cap Core Equity Composite - Gross	4.1	-11.1	26.0	8.7	10.7	9.9
Small Cap Core Equity Composite - Net	3.9	-11.6	25.3	8.0	10.0	9.3
Russell 2000® Index	2.7	-11.6	17.5	4.7	8.0	6.8
Excess (Net) vs. Index	1.2	0.0	7.8	3.3	2.0	2.4

Source: Jennison and FTSE Russell. Inception of Small Cap Core Equity Composite: 4/30/98. Periods greater than 1 year are annualized unless otherwise noted. See Disclosures below and visit <https://www.jennison.com/gips-small-cap-core-equity-composite> for the latest Small Cap Core Equity Composite presentation for additional performance and fee information, criteria for composite performance creation, and term definitions. Past performance does not guarantee future results. Performance results are calculated in US dollars and reflect reinvestment of dividends and other earnings. The net of fee performance is presented net of Jennison's actual advisory fees and transaction costs. Gross of fee performance is presented before custodial and Jennison's actual advisory fees but after transaction costs.

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The Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. The financial indices referenced herein are provided for informational purposes only; are unmanaged; include net reinvestment dividends; do not reflect fees or expenses; and are not available for direct investment.

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